

Comparative Analysis of Corporate Governance and Shareholders' Rights

In August 1999, the [German Shareholders Association \(Deutsche Schutzvereinigung fuer Wertpapierbesitz e.v. - DSW\)](#) published a groundbreaking comparative analysis of corporate governance and shareholders' rights in the 15 European Union (EU) countries. In tables presenting the legal framework for nine corporate governance issues in each of the EU member states, the study demonstrated that in these specific areas little (if any) harmonization of national company legislation has been accomplished within the EU.

While this general conclusion was perhaps not a surprise, the study nevertheless drew attention to the large (sometimes huge) divergences that exist within the EU on fundamental governance issues.

For example, whereas German company law requires German corporations to announce the annual general meeting of shareholders (AGM) one month in advance, Danish law requires said disclosure only eight days before the AGM, unless the corporation's statute prescribes otherwise. Greek law requires announcement of the AGM 10 days before the AGM, Austrian law requires 14 day notice, and so on. Anglo-centric critics find much wanting in the German corporate governance model; in this case however, it is clear that German law does provide an adequate framework for shareholders to obtain information in a timely manner.

In 1999, corporate governance was an important issue in Germany, in light of a comprehensive overhaul of Germany company law and capital markets legislation in 1998. The DSW study noted ongoing changes in the German regulatory framework and in other EU countries.

Today, corporate governance dominates business, finance and policy decision-making agendas within the EU, across Europe and globally. Germany has established a Parliamentary Commission to analyze corporate governance issues, the DSW has drafted a voluntary corporate governance code, the [Organization for Economic Cooperation and Development \(OECD\)](#) has published Principles of Corporate Governance and both the World Bank and the International Finance Corporation have suggested that lenders consider governance criteria as part of any due diligence procedure.

In Central Europe, this issue has also taken center stage. As part of the ongoing process of harmonizing their national legislation with EU directives, several accession candidates to the EU have recently revamped their company law: A new Commercial Code came into effect in the Czech Republic on January 1, 2001; a new Company Law will come into effect in Lithuania on July 1, 2001; a new Law on Joint Stock Companies will come into effect in Latvia on July 1, 2001; a new Commercial Code came into effect in Poland on January 1, 2001; and the Slovak Republic is currently drafting amendments to its Commercial Code.

In order to keep abreast of global practices and chart national developments, the partners for Financial Stability (PFS) Program conducted this comparative analysis of the

corporate governance environment in Central and Eastern Europe. The DSW study provided a useful methodological framework for comparing the corporate governance mechanisms enshrined in national law in Central and Eastern European countries.

The tables presenting the data for the EU countries are reproduced here with the kind permission of the DSW. The PFS Program would like to thank the following institutions (in alphabetical order, by country) for their assistance in compiling and or confirming the data for this comparative analysis: the [Securities Commission of the Federation of Bosnia and Herzegovina](#), Sarajevo, Bosnia and Herzegovina; the Securities Commission of Republika Srpska, Banja Luka, Bosnia and Herzegovina; the [Czech Securities Commission](#), Prague, Czech Republic; the [Securities Inspectorate of Estonia](#), Tallinn, Estonia; [Hungarian Financial Services Authority](#), Budapest, Hungary; the [Securities Market Commission of Latvia](#), Riga, Latvia; the [Lithuanian Securities Commission](#), Vilnius, Lithuania; the [Polish Securities and Exchange Commission](#), Warsaw, Poland; the [Financial Market Authority of the Slovak Republic](#), Bratislava, Slovak Republic; and the [Securities Market Agency of Slovenia](#), Ljubljana, Slovenia.

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Minimum Deadline for Announcing the Annual General Meeting of Shareholders (AGM)

All of the Central and Eastern European countries surveyed here prescribe a deadline that complies with EU “best practices.” None of the country’s surveyed here has a deadline of less than 21 days and many prescribe a deadline of one month, which is the maximum period in any EU jurisdiction.

During the process of compiling data for this comparative analysis, the PFS Program conducted interviews with capital markets participants throughout Central and Eastern Europe. Regarding this particular requirement and the issue of disclosure in general, one company manager in Bosnia and Herzegovina noted, “A Danish company has the luxury of such lax disclosure requirements; we do not. In order to attract capital, we must comply with the most stringent standards and adhere to the very highest of soc-called “best practices.””

See Table 1.

Nature of Shares Commonly Issued

Many Central and Eastern European capital market participants were surprised to learn how the nature of shares issued influences corporate governance and shareholders' rights, including issues such as the mechanism for notifying shareholders about the AGM, the procedure for registering attendance at the AGM and the exercise of votes.

Many Central and Eastern European specialists were not aware of the much longer deadline for shareholder notification in the United States. They were also intrigued by the possibility of voting by mail, which is made possible by the issuance of registered shares. When a company has registered shareholders, it can send them the annual report, AGM agenda and a voting card in the mail, and request that shareholders vote by mail.

Voting by mail, however, assumes that shareholders have confidence in management to count the votes in the manner the shareholder intended. It is interesting to note that in certain Central and Eastern European jurisdictions surveyed here, management and board members are expressly prohibited from serving as proxy to shareholders. (See Table Eight below.)

See Table 2.

Periods for Shareholder Registration and Deposit of Shares

Shareholder registration and deposit of shares in order to prove ownership prior to the AGM are minute yet crucial procedural details of any capital market and corporate governance system.

Whereas most specialists interviewed for this study were knowledgeable about the voting mechanism in their own country, specialists in even the most advanced Central European capital markets were not certain about the intricate workings of this system in other countries.

Registration is a procedure required for registered shareholders. The company can identify the shareholder on the basis of its own share registry or a national share registry. The shareholder is required to register with the company by a given deadline in order to inform the company that he/she will attend the AGM or Extraordinary General Meeting of Shareholders (EGM).

Deposit is a procedure required for bearer shareholders. The company cannot identify all of its shareholders, due to the fact that many shares are held under the account of a broker or asset manager. Therefore, the onus is on the shareholder to prove his/her ownership on the record date determining the right to vote. The shareholder must freeze his/her account, or place his/her account "on deposit" in order to guarantee that the shares are not sold prior to the date of the AGM or EGM.

Depositing shares is an administrative burden and a financial risk for institutional investors. Many of them engage in securities lending, and therefore do not want or may not be able to put the shares on deposit. Also, putting shares on deposit means that they

are illiquid, or at least would involve administrative burdens and perhaps costs to take them off deposit. Nevertheless, this has been and remains the common procedure in all markets that issue bearer shares.

Many specialists interviewed in the Central and Eastern European countries surveyed here were surprised to hear about a trend towards conversion of bearer shares into registered shares in Germany. This trend is the result of several major German companies seeking a listing on the New York Stock Exchange and deciding to change their share structure in order to comply with NYSE and United States Securities and Exchange Commission regulations. It does not seem likely however, that this trend will spread to Central and Eastern Europe, at least not in the short term.

See Table 3.

Shareholders' Right to Convene an Annual General Meeting of Shareholders (AGM)

With the exception of Croatia, where a 20% ownership threshold is required, all other Central and Eastern European countries surveyed here are well within the range of EU "best practice," requiring a 10% ownership threshold or less to convene a meeting (AGM or EGM).

See Table 4.

Shareholders' Right to Place an Additional Item on the Agenda of the Annual General Meeting of Shareholders (AGM)

In each of the Central and Eastern European countries surveyed here, shareholders enjoy this right that does not exist in several EU jurisdictions. Again, the commentary of a company manager from Bosnia and Herzegovina rings true: In order to attract capital, Central and Eastern European countries must guarantee by law shareholders' rights to participate in the governance of corporations they own.

See Table 5.

Shareholders' Right to Present a Countermotion at the Annual General Meeting of Shareholders (AGM)

The distinction between placing an additional item on the agenda of the AGM and presenting a countermotion at the AGM was often not clear to Central and Eastern European capital market participants. This is not surprising, since this right does not exist in many EU jurisdictions and is not specifically referenced in many Central and Eastern European jurisdictions.

The distinction can be explained as follows:

Additional Item: A company publishes the agenda for the AGM. A shareholder would like shareholders to vote on the merger of the company with another company. The shareholder submits a proposal to the company to this effect. Provided that the proposal meets all of the legal requirements, the company is obliged to add this item to the agenda and notify shareholders of the new agenda prior to the AGM.

Counterproposal: A Czech company publishes the agenda for the AGM. The complete agenda for the meeting should detail the proposed allocation of net income, including the proposed dividend per share. (In several jurisdictions, the initial announcement of the AGM might not contain such specifics; however, “best practices” would certainly require this information in advance of the AGM.) The company proposes a dividend of 1 Czech koruna per share. A shareholder believes that the company should pay a larger dividend, and submits a countermotion, suggesting that the company pay a dividend of 2 Czech koruna per share.

Several Central and Eastern European jurisdictions distinguish between shareholder proposals (the right to place a new item on the agenda) and shareholder countermotions, whereas others do not.

See Table 6.

Restriction of Voting Rights

This is certainly a contentious issue, within the EU, across Central and Eastern Europe and globally. Suffice to say that despite trends in several EU member states (notably, Germany and Sweden) to abolish voting right restrictions, the trend in other EU member states (notably France) is moving in the other direction.

The current situation in Central and Eastern Europe is a mixed bag. In addition to analyzing financial information, potential investors are therefore advised to read company legislation and the company statute before making investment decisions.

See Table 7.

Requirements for / Restrictions of Proxy Voting

Proxy voting is possible in all of the Central and Eastern European jurisdictions surveyed here. A written proxy is required. In certain jurisdictions, the law prescribes who may or may not serve as proxy.

In several jurisdictions (Czech Republic, Republika Srpska, Latvia and Poland), company management or a member of the board may not serve as a proxy for a shareholder.

See Table 8.

Requirements for a Minimum Quorum

A recent article in the Financial Times noted that the 2001 Annual General Meeting of Shareholders of DaimlerChrysler AG was held in the Berlin Messe (Trade Fair/Convention Center) and cost DM 18 million. The amount seems astronomical, but what is equally interesting is the large number of shareholders in attendance.

Quorum is a concern in many EU jurisdictions. It is also a problem for companies throughout Central and Eastern Europe, many of whom have tens of thousands of shareholders.

National legislation prescribes a quorum in all of the Central and Eastern European jurisdictions surveyed here, with the exception of Croatia and Poland, where the company statute may prescribe a quorum, but it not obliged to do so.

See Table 9.

Conclusions

In 1999, when the DSW published its comparative analysis of corporate governance and shareholders' rights in the 15 EU member states, these were priority concerns in Germany and across the EU. Today, corporate governance dominates business, finance and policy decision-making agendas within the EU, across Europe and globally

The PFS Program hopes that this comparative analysis contributes towards the exchange of information, experience and lessons learned in the countries surveyed. Also, it is hoped that this survey might provide the impetus for additional research and analysis in this and related fields.

In the future, the PFS Program will also analyze other issues in Central and Eastern Europe, including: qualifications and or restrictions on board membership (maximum number of mandates that any individual may hold, etc.); legislation regarding takeover proposals; and statutory definition of related party transactions, insider transactions and auditor independence.

Geoffrey Mazullo
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March 2001
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**Minimum Deadline for Announcing the
Annual General Meeting of Shareholders (AGM)**

TABLE 1 – EUROPEAN UNION COUNTRIES

Austria	Announcement: 14 days before AGM Agenda: 7 (14) days before AGM
Belgium	2 weeks, again 8 days before AGM
Denmark	Usually 8 days before AGM (or otherwise set by statute)
Germany	1 month before AGM
Finland	1 week before AGM
France	15 days before AGM
Greece	10 days before AGM
Great Britain	21 days before AGM 14 days before EGM (Extraordinary General Meeting)
Ireland	Usually 21 days before AGM
Italy	15 days before AGM
Luxembourg	8 days before AGM 10-15 days before EGM
Netherlands	15 days before AGM
Portugal	Bearer shares: 1 month before AGM Registered shares: 21 days before AGM
Sweden	4 weeks before AGM
Spain	15 days before AGM

SOURCE: DSW, Germany, August 1999

**Minimum Deadline for Announcing the
Annual General Meeting of Shareholders (AGM)**

TABLE 1 – CENTRAL AND EASTERN EUROPEAN COUNTRIES

Croatia	1 month before AGM ¹
Czech Republic	30 days before AGM ²
Estonia	At least 3 weeks before AGM; statute may prescribe a longer term ³
Federation of BiH Republika Srpska	30 days before AGM ⁴ 21 days before AGM ⁵
Hungary	For a public company, 30 days before AGM ⁶
Latvia	For a public company, 30 days before AGM ⁷
Lithuania	30 days before AGM ⁸
Poland	3 weeks before AGM ⁹
Russia	Determined by statute; 30 days before the AGM for a corporation with more than 1,000 shareholders ¹⁰
Slovak Republic	For a corporation that has issued registered shares, 30 days before AGM ¹¹
Slovenia	1 month before AGM ¹²

SOURCE: PFS, February 2001

¹ Article 279, Law on Business Companies

² Article 184, Commercial Code

³ Article 294, Commercial Code

⁴ Article 242, Law on Business Companies

⁵ Article 246, Paragraph 3, Law on Enterprises

⁶ Article 234, Paragraph 30, Act CLXIV of 1997 on Business Associations

⁷ Article 55, Law on Joint Stock Companies

⁸ Article 28, Company Law

⁹ Article 402, Commercial Companies Code

¹⁰ Article 52, Federal Law on Joint Stock Companies

¹¹ Article 184, Paragraph 3, Commercial Code

¹² Article 285, Law on Business Companies

Nature of Shares (Commonly Issued)**TABLE 2 – EUROPEAN UNION COUNTRIES**

Austria	Bearer shares, rarely registered shares
Belgium	Bearer shares, rarely registered shares
Denmark	Bearer shares, rarely registered shares
Germany	Bearer shares, rarely registered shares
Finland	Registered shares
France	Bearer shares and registered shares
Greece	Registered shares, rarely bearer shares
Great Britain	Registered shares
Ireland	Registered shares
Italy	Registered shares, rarely bearer shares
Luxembourg	Bearer shares and registered shares
Netherlands	Bearer shares, rarely registered shares
Portugal	Bearer shares, rarely registered shares
Sweden	Registered shares
Spain	Bearer shares and registered shares

SOURCE: DSW, Germany, August 1999

Nature of Shares (Commonly Issued)

TABLE 2 – CENTRAL AND EASTERN EUROPEAN COUNTRIES

Croatia	Bearer shares and registered shares ¹³
Czech Republic	Bearer shares and registered shares ¹⁴
Estonia	Registered shares ¹⁵
Federation of BiH	Registered shares ¹⁶
Republika Srpska	Bearer shares and registered shares ¹⁷
Hungary	Bearer shares and registered shares ¹⁸
Latvia	Bearer shares and registered shares ¹⁹
Lithuania	Registered shares (Public companies may issue bearer shares, but they have not been issued by any company to date.) ²⁰
Poland	Bearer shares and registered shares ²¹
Russia	Registered shares ²²
Slovak Republic	Bearer shares (in dematerialized form only) and registered shares ²³
Slovenia	Bearer shares and registered shares ²⁴

SOURCE: PFS, February 2001

¹³ Article 279, Law on Business Companies

¹⁴ Article 156, Commercial Code

¹⁵ Article 228, Commercial Code

¹⁶ Article 194, Law on Business Companies

¹⁷ Article 216, Paragraph 1, Law on Enterprises

¹⁸ Article 179, Act CLXIV of 1997 on Business Associations

¹⁹ Article 23, Law on Joint Stock Companies

²⁰ Article 43, Company Law

²¹ Article 334, Commercial Companies Code

²² Article 25, Federal Law on Joint Stock Companies

²³ Article 156, Commercial Code

²⁴ Article 176, Law on Business Companies

Periods for Shareholder Registration and Deposit of Shares

TABLE 3 – EUROPEAN UNION COUNTRIES

Austria	Registration: Minimum 3 days before AGM Deposit: Minimum 14 days before AGM (or shorter period defined by statute)
Belgium	Minimum 3 working days before AGM (by statute)
Denmark	Minimum 5 days before AGM (by statute)
Germany	Deposit: Minimum 10 days before AGM (by statute minimum 5 days before AGM) Registration: Minimum 3 days before AGM
Finland	Registration: Minimum 5 days before AGM
France	Deposit: Minimum 5 days before AGM (by statute)
Greece	Minimum 5 days before AGM
Great Britain	Defined by statute
Ireland	Defined by statute
Italy	Registration: Minimum 5 days before AGM Deposit: Minimum 5 days before AGM
Luxembourg	Defined by statute Deposit: Usually a minimum of 1 - 2 days before AGM
Netherlands	Usually a minimum of 5 days before AGM
Portugal	No legal requirements
Sweden	Registration: Usually 3 - 4 days before AGM (by statute)
Spain	Defined by statute

SOURCE: DSW, Germany, August 1999

Periods for Shareholder Registration and Deposit of Shares

TABLE 3 – CENTRAL AND EASTERN EUROPEAN COUNTRIES

Croatia	Defined by statute ²⁵
Czech Republic	For dematerialized shares: The record date is a minimum of 7 days before the AGM, unless the statute defines a longer period ²⁶
Estonia	Registered shares: Registered shareholders on date of AGM ²⁷
Federation of BiH Republika Srpska	Registration: 45 days before AGM ²⁸ Defined by statute ²⁹
Hungary	Defined by statute; the statute of a public company may require that registered shareholders be registered at least 60 days before AGM ³⁰
Latvia	Registered shares: Registration in shareholders' register at least 10 days before AGM Bearer shares: Deposit 7 working days before AGM ³¹
Lithuania	Registered shares: Registered shareholders on date of AGM unless the statute determines record date differently (up to 30 days before AGM) ³²
Poland	Registered shares: Registration 1 week before AGM Bearer shares: Deposit 1 week before AGM ³³
Russia	Board of directors establishes date upon which list of shareholders eligible to vote is compiled ³⁴
Slovakia	For dematerialized shares: Maximum five days before AGM ³⁵
Slovenia	Defined by statute ³⁶

SOURCE: PFS, February 2001

²⁵ Article 279, Law on Business Companies

²⁶ Article 184, Paragraph 2, Commercial Code

²⁷ Article 228, Paragraph 2, Commercial Code

²⁸ Article 241, Law on Business Companies

²⁹ Article 246, Paragraph 5, Law on Enterprises

³⁰ Article 229, Paragraph 3, Act CLXIV of 1997 on Business Associations

³¹ Registered shares - Article 59, Law on Joint Stock Companies; bearer shares - Article 55, Law on Joint Stock Companies and Instruction of Latvian Central Depository

³² Article 24, Company Law

³³ Article 399, Commercial Companies Code

³⁴ Article 51, Federal Law on Joint Stock Companies

³⁵ Article 180, Paragraph 2, Commercial Code

³⁶ Article 285, Law on Business Companies

Shareholder's Right to Convene an AGM

TABLE 4 – EUROPEAN UNION COUNTRIES

Austria	Yes (Minimum 5% of nominal capital, but the statute may permit a smaller amount)
Belgium	Yes (Minimum 20% of nominal capital)
Denmark	Yes (Any single shareholder, in the case of an omission of the administration)
Germany	Yes (Minimum 5% of nominal capital)
Finland	No
France	Yes (Minimum 10% of nominal capital, in the case of an omission of the administration)
Greece	Yes, but only an EGM (Minimum 5% of nominal capital)
Great Britain	Yes (Minimum 2 shareholders with minimum 10% of nominal capital)
Ireland	Yes (Minimum 2 shareholders with minimum 10% of nominal capital, if in line with statute)
Italy	Yes (Minimum 20% of nominal capital) In the case of irregularities of administration, 10% of nominal capital)
Luxembourg	Yes (Minimum 20% of nominal capital)
Netherlands	Yes (Minimum 10% of nominal capital, but the statute may permit a smaller amount)
Portugal	Yes (Minimum 5% of nominal capital)
Sweden	Yes, but only an EGM (Minimum 10% of nominal capital)
Spain	Yes, but only an EGM (Minimum 5% of nominal capital)

SOURCE: DSW, Germany, August 1999

Shareholder's Right to Convene an AGM

TABLE 4 – CENTRAL AND EASTERN EUROPEAN COUNTRIES

Croatia	Yes (Minimum 20% of nominal capital, but the statute may permit a smaller amount) ³⁷
Czech Republic	For a public company with registered capital over CK 100 million: 3% of nominal capital For a public company with registered capital under CK 100 million: 5% of nominal capital) ³⁸
Estonia	Yes (Minimum 10% of nominal capital) ³⁹
Federation of BiH Republika Srpska	Yes (Minimum 10% of nominal capital) ⁴⁰ Yes (Minimum 10% of voting capital, but the statute may permit a smaller amount) ⁴¹
Hungary	Yes (Minimum 10% of voting capital, but the statute may permit a smaller amount) ⁴²
Latvia	Yes, but only an EGM (Minimum 5% of capital, but the statute may permit a smaller amount) ⁴³
Lithuania	Yes (Minimum 10% of voting capital, but the statute may permit a smaller amount) ⁴⁴
Poland	Yes, but only an EGM (Minimum 10% of nominal capital, but the statute may permit a smaller amount) ⁴⁵
Russia	Yes, but only an EGM (Minimum 10% of nominal capital) ⁴⁶
Slovak Republic	Yes (Minimum 10% of nominal capital) ⁴⁷
Slovenia	Yes, (Minimum 5% of nominal capital) ⁴⁸

SOURCE: PFS, February 2001

³⁷ Article 278, Law on Business Companies

³⁸ Article 181, Commercial Code

³⁹ Article 292, Commercial Code

⁴⁰ Article 244, Law on Business Companies

⁴¹ Article 247, Paragraph 1, Law on Enterprises

⁴² Article 51, Paragraph 1, Act CLXIV of 1997 on Business Associations

⁴³ Article 51, Law on Joint Stock Companies

⁴⁴ Article 26, Company Law

⁴⁵ Article 400, Commercial Companies Code

⁴⁶ Article 55, Federal Law on Joint Stock Companies

⁴⁷ Article 181, Paragraph 1, Commercial Code

⁴⁸ Article 284, Law on Business Companies

Shareholder's Right to Place an Additional Item on the AGM Agenda

TABLE 5 – EUROPEAN UNION COUNTRIES

Austria	Yes (Minimum 5% of nominal capital, but the statute may permit a smaller amount) Deadline: 7 days before the AGM
Belgium	No
Denmark	Yes (Precondition: Written application delivered within deadline)
Germany	Yes (Minimum 5% of nominal capital or 500.000 Euro)
Finland	Yes Deadline: 10 days before the AGM
France	Yes (Minimum 0,5 to 5% of nominal capital)
Greece	No, only a request for adjournment (Minimum 5% of nominal capital)
Great Britain	Yes (Minimum 5% of votes at the AGM or a minimum of 100 shareholders) Deadline: Minimum of 6 weeks before the AGM)
Ireland	No
Italy	No, but a minimum 1/3 of votes at the AGM may request adjournment of the AGM
Luxembourg	No, but a minimum 20% of votes may request adjournment of the AGM
Netherlands	No, but shareholders have the right to amend a specific agenda item Peters Commission recommendation: Minimum 1% of nominal capital or 500,000 NLG nominal value of shares
Portugal	Yes (Minimum 5% of nominal capital)
Sweden	Yes, every shareholder Deadline: 1 week before announcement of AGM
Spain	No

SOURCE: DSW, Germany, August 1999

Shareholder's Right to Place an Additional Item on the AGM Agenda

TABLE 5 – CENTRAL AND EASTERN EUROPEAN COUNTRIES

Croatia	Yes, every shareholder Deadline: 7 days following the announcement convening the AGM ⁴⁹
Czech Republic	For a public company with registered capital over CK 100 million: a shareholder owning 3% of nominal capital / for a public company with registered capital under CK 100 million: a shareholder owning 5% of nominal capital may submit a written proposal to the company such that the company can publish a revised agenda at least 10 days before the AGM in the same manner as the original agenda was published (as defined by the statute). ⁵⁰
Estonia	Yes, any shareholder(s) with a minimum 10% of nominal capital Deadline: Submitted before AGM announcement is sent or published An issue initially not on the AGM agenda may be included with the consent of 9/10 of the shareholders participating if they represent at least 2/3 of capital ⁵¹
Federation of BiH	Yes, any shareholder(s) with a minimum 5% of nominal capital Deadline: 8 days following the announcement convening the AGM ⁵²
Republika Srpska	Yes, any shareholder(s) with a minimum 10% of nominal capital (but the statute may permit a smaller amount) Deadline: 8 days following the announcement convening the AGM ⁵³
Hungary	Yes (Minimum 10% of voting capital, but the statute may permit a smaller amount) Deadline: 8 days following the announcement convening the AGM ⁵⁴
Latvia	Yes, shareholder with a minimum 10% of nominal capital Deadline: 7 days following the announcement convening the AGM ⁵⁵
Lithuania	Yes (Minimum 5% of nominal capital, but the statute may permit a smaller amount) Deadline: 15 days before AGM ⁵⁶
Poland	Yes (Minimum 10% of nominal capital, but the statute may permit a smaller amount) ⁵⁷
Russia	Yes (Minimum 2% of nominal capital) Deadline: Within 30 days of the end of the fiscal year ⁵⁸
Slovak Republic	Yes, every shareholder has the right to make proposals ⁵⁹ , but no mechanism is prescribed for submitting shareholder proposals. Furthermore, Article 185, Paragraph 4 of the Commercial Code states that matters not placed on the proposed agenda of the general meeting may be decided only in the presence, and with the consent, of all the shareholders.
Slovenia	Yes (Minimum 5% of nominal capital) ⁶⁰

SOURCE: PFS, February 2001

⁴⁹ Article 282, Law on Business Companies

⁵⁰ Article 182, Paragraph 1, Letter A, Commercial Code

⁵¹ Article 293, Commercial Code

⁵² Article 243, Law on Business Companies

⁵³ Article 248, Paragraph 5, Law on Enterprises

⁵⁴ Article 230, Paragraphs 1 and 2, Act CLXIV of 1997 on Business Associations

⁵⁵ Article 55, Law on Joint Stock Companies

⁵⁶ Article 27, Company Law

⁵⁷ Article 400, Commercial Companies Code

⁵⁸ Article 53, Federal Law on Joint Stock Companies

⁵⁹ Article 180, Paragraph 1, Commercial Code

⁶⁰ Article 284, Law on Business Companies

Shareholder's Right to Present a Countermotion at the AGM

TABLE 6 – EUROPEAN UNION COUNTRIES

Austria	No
Belgium	No
Denmark	No
Germany	Yes, every shareholder Deadline: 1 week following the announcement convening the AGM
Finland	No
France	No
Greece	No
Great Britain	No, but every shareholder may request amendment of a specific item on the agenda (maximum of 100 words)
Ireland	No, but every shareholder may request amendment of a specific item on the agenda
Italy	No
Luxembourg	No
Netherlands	No, but the Peters Commission recommends that a shareholder with minimum 1% of nominal capital or 500,000 NLG nominal value of shares should have the right to request amendment of a specific item on the agenda
Portugal	Yes (Minimum 5% of nominal capital)
Sweden	No (but minimum 10% of nominal capital may request a single adjournment of the AGM)
Spain	No

SOURCE: DSW, Germany, August 1999

Shareholder's Right to Present a Countermotion at the AGM

TABLE 6 – CENTRAL AND EASTERN EUROPEAN COUNTRIES

Croatia	Yes, any shareholder Deadline: 7 days following the announcement convening the AGM ⁶¹
Czech Republic	Yes, any shareholder The counterproposal must be delivered to the company 5 working days before the AGM and the company must publish the counterproposal (along with its comments) if it is possible at least 3 days before the AGM. A proposal to elect a supervisory board member or members may be made at the meeting. ⁶²
Estonia	Yes, any shareholder(s) with a minimum 10% of nominal capital Deadline: Submitted before AGM announcement is sent or published An issue initially not on the AGM agenda may be included with the consent of 9/10 of the shareholders participating if they represent at least 2/3 of capital ⁶³
Federation of BiH Republika Srpska	Yes, any shareholder(s) with a minimum 5% of nominal capital Deadline: 8 days following the announcement convening the AGM ⁶⁴ Not explicitly ⁶⁵
Hungary	Not explicitly, but a shareholder is entitled to make remarks and proposals ⁶⁶
Latvia	Not explicitly, but a shareholder proposal could in fact be a counterproposal ⁶⁷
Lithuania	Yes (Minimum 5% of nominal capital, but the statute may permit a smaller amount) Deadline: The statute may prescribe a deadline of 15 days before AGM ⁶⁸
Poland	Not explicitly, but a shareholder proposal could in fact be a counterproposal. A proposal not included in the initial agenda may be voted upon at a general meeting if all shareholders are present and no shareholder opposes the proposal. ⁶⁹
Russia	No, since deadline for submission of shareholder proposals refers to the end of the fiscal year and not AGM announcement ⁷⁰
Slovakia	Yes, every shareholder has the right to make proposals and counterproposals ⁷¹ , but there is no mechanism is prescribed for submitting shareholder proposals. Furthermore, Article 185, Paragraph 4 of the Commercial Code states that matters not placed on the proposed agenda of the general meeting may be decided only in the presence, and with the consent, of all the shareholders.
Slovenia	Yes, any shareholder Deadline: 7 days following the announcement convening the AGM ⁷²

SOURCE: PFS, February 2001

⁶¹ Article 282, Law on Business Companies

⁶² Article 180, Paragraph 5, Commercial Code

⁶³ Article 293, Commercial Code

⁶⁴ Article 243, Law on Business Companies

⁶⁵ Article 248, Paragraph 5, Law on Enterprises

⁶⁶ Article 227, Act CLXIV of 1997 on Business Associations

⁶⁷ Article 55, Law on Joint Stock Companies

⁶⁸ Articles 27 and 30, Commercial Code

⁶⁹ Articles 400 and 404, Commercial Companies Code

⁷⁰ Article 53, Federal Law on Joint Stock Companies

⁷¹ Article 180, Paragraph 1, Commercial Code

⁷² Article 288, Law on Business Companies

Restriction of Voting Rights

TABLE 7 – EUROPEAN UNION COUNTRIES

Austria	Yes, the statute may limit or restrict voting rights
Belgium	Yes, non-voting shares may be issued and the statute may limit number of votes
Denmark	Yes, “gradual votes” are possible, whereby voting rights are limited to a maximum of 1:10 according to the nature of the share; each financial institution may vote a maximum of 4% of the total votes
Germany	No (Since May 1, 1998 voting rights restrictions are illegal, but there is a transition period for companies that formerly permitted shares with multiple votes or voting rights restrictions)
Finland	Yes (The statute may permit unequal voting rights, i.e., one share may have a maximum 20 times the voting rights of another share)
France	Yes, the statute may define a maximum and minimum number of shares (maximum 10 shares) and double voting rights for registered shares
Greece	Yes, the statute may limit or restrict voting rights
Great Britain	Yes, the statute may limit or restrict voting rights and permit multiple voting rights
Ireland	Yes
Italy	Yes, the statute may limit or restrict voting rights
Luxembourg	Yes, the statute may limit or restrict voting rights
Netherlands	Yes, the statute may permit digressive, limited and/or multiple voting rights
Portugal	Yes, the statute may permit maximum and minimum voting rights
Sweden	No. Prior to Jan 1, 1999 a maximum of 20% of the votes at the AGM was legal; since that date, voting rights restrictions are illegal, but exceptions are permissible by statute until Dec 31, 2000.
Spain	Yes, the statute may permit maximum voting rights and other voting rights restrictions

SOURCE: DSW, Germany, August 1999

Restriction of Voting Rights

TABLE 7 – CENTRAL AND EASTERN EUROPEAN COUNTRIES

Croatia	Yes, the statute may limit or restrict voting rights ⁷³
Czech Republic	Yes, the statute may limit voting rights ⁷⁴
Estonia	No. Each share shall grant a separate vote. Shares with equal nominal values shall grant an equal number of votes. ⁷⁵
Federation of BiH	No, every common share has one vote. Multiple voting rights not permitted ⁷⁶
Republika Srpska	Yes, the statute may establish maximum voting rights or a minimum number of shares or percentage of capital owned in order to vote ⁷⁷
Hungary	For registered shares, the statute may establish maximum voting rights ⁷⁸
Latvia	Yes, the statute may provide that a certain amount of nominal value equals one vote ⁷⁹
Lithuania	No, the statute may not provide for multiple voting rights or voting right restrictions ⁸⁰
Poland	Yes, the statute may limit or restrict voting rights for shareholders holding more than 20% of voting rights ⁸¹
Russia	No, every common share has one vote ⁸²
Slovak Republic	Yes, the statute may limit or restrict voting rights ⁸³
Slovenia	Yes, the statute may limit or restrict voting rights ⁸⁴

SOURCE: PFS, February 2001

⁷³ Article 291, Law on Business Companies

⁷⁴ Article 180, Paragraph 2, Commercial Code

⁷⁵ Article 236, Commercial Code

⁷⁶ Article 199, Law on Business Companies

⁷⁷ Article 217, Paragraphs 4 and 5, Law on Enterprises

⁷⁸ Article 229, Paragraph 2, Act CLXIV of 1997 on Business Associations

⁷⁹ Article 59, Law on Joint Stock Companies

⁸⁰ Article 20, Company Law

⁸¹ Article 411, Commercial Companies Code

⁸² Article 59, Federal Law on Joint Stock Companies

⁸³ Article 180, Paragraph 2, Commercial Code

⁸⁴ Article 297, Law on Business Companies

Requirements for / Restrictions of Proxy Voting**TABLE 8 – EUROPEAN UNION COUNTRIES**

Austria	Written proxy required (Deadline: Minimum 8 days before the AGM)
Belgium	Proxy with instructions, but “carte blanche” also permitted
Denmark	Proxy required (Statute may require that the proxy be a shareholder for a minimum period of 3 months prior to the AGM)
Germany	Proxy required, instructions possible, proxy may be a bank or shareholders’ association
Finland	Proxy required
France	Proxy required, usually it gives full discretionary power to the company administration. Usually a proxy may only be a spouse or another shareholder.
Greece	Effective proxy required
Great Britain	Proxy minimum 48 hours before AGM (only in case of written vote)
Ireland	Proxy minimum 48 hours before AGM; Shareholder must inform company who the proxy is.
Italy	Proxy required. Proxy may not be a company employee, accountant or bank representative. Shareholder must inform company who the proxy is.
Luxembourg	Proxy required (by statute)
Netherlands	Effective proxy required
Portugal	Proxy required, proxy may only be a spouse, relative, another shareholder or company administration (by written proxy to the company administration).
Sweden	Proxy required, proxy may be a bank or shareholders’ association
Spain	Proxy required, (a “public proxy” may serve as proxy for a minimum of 3 shareholders)

SOURCE: DSW, Germany, August 1999

Requirements for / Restrictions of Proxy Voting

TABLE 8 – CENTRAL AND EASTERN EUROPEAN COUNTRIES

Croatia	Bearer shareholders may be represented by a financial institution with a written proxy ⁸⁵
Czech Republic	Written proxy required. A shareholder may not be represented by a member of the company's board of directors or supervisory board. ⁸⁶
Estonia	Written proxy required ⁸⁷
Federation of BiH Republika Srpska	Written proxy, signed by shareholder, required ⁸⁸ Proxy may not be a member of management, board of executive directors or supervisory board. ⁸⁹
Hungary	Written proxy required in the form of a notarized document or a private document representing conclusive evidence ⁹⁰
Latvia	Written proxy required. Proxy may not be a member of supervisory board, board of directors, auditor or liquidator. ⁹¹
Lithuania	Written proxy required. The proxy of a natural person must be notarized if the agent is someone other than a bank or financial broker. ⁹²
Poland	Written proxy required. Proxy may not be a member of the supervisory board or company employee. ⁹³
Russia	Written proxy required ⁹⁴
Slovak Republic	Written proxy required ⁹⁵
Slovenia	Written proxy required ⁹⁶

SOURCE: PFS, February 2001

⁸⁵ Article 292, Law on Business Companies

⁸⁶ Article 184, Paragraph 1, Commercial Code

⁸⁷ Article 297, Commercial Code

⁸⁸ Article 250, Law on Business Companies

⁸⁹ Article 254, Paragraph 2, Law on Enterprises

⁹⁰ Article 221, Act CLXIV of 1997 on Business Associations

⁹¹ Article 58, Law on Joint Stock Companies

⁹² Article 21, Company Law

⁹³ Article 412, Commercial Companies Code

⁹⁴ Article 57, Federal Law on Joint Stock Companies

⁹⁵ Article 185, Paragraph 2, Commercial Code and Article 31, Civil Code

⁹⁶ Article 298, Law on Business Companies

Requirements for a Minimum Quorum

TABLE 9 – EUROPEAN UNION COUNTRIES

Austria	Usually no quorum required (as determined by statute)
Belgium	For an AGM: no quorum For an EGM (to amend the statute): ½ of nominal capital
Denmark	No quorum required
Germany	No quorum required
Finland	No quorum required
France	For an AGM: 1/4 of nominal capital For an EGM: 1/2 of nominal capital
Greece	For an AGM: 1/5 of nominal capital Important amendment of the statute: 2/3 nominal capital
Great Britain	Minimum 2 shareholders present at an AGM
Ireland	Minimum 2 shareholders present at an AGM
Italy	For an AGM: 1/2 of nominal capital For an EGM: more than 1/4 of nominal capital
Luxembourg	For an AGM: no quorum For an EGM (to amend the statute): minimum 1/2 of nominal capital
Netherlands	Usually no quorum required (as determined by statute)
Portugal	In specific cases, a 2/3 majority is required
Sweden	No quorum required
Spain	Usually 1/4 of nominal capital Certain exceptions require 1/2 of nominal capital

SOURCE: DSW, Germany, August 1999

Requirements for a Minimum Quorum

TABLE 9 – CENTRAL AND EASTERN EUROPEAN COUNTRIES

Croatia	Determined by statute ⁹⁷
Czech Republic	More than 30% of nominal capital, unless statute requires a higher threshold ⁹⁸
Estonia	More than 1/2 of voting capital, but statute may require a higher threshold. No quorum required for second call of an AGM. ⁹⁹
Federation of BiH Republika Srpska	More than 1/2 of nominal capital ¹⁰⁰ More than 1/2 of nominal capital ¹⁰¹
Hungary	More than 1/2 of voting capital, but statute may require a higher threshold ¹⁰²
Latvia	For an AGM: more than 1/2 of nominal capital For the second call of an EGM: more than 1/2 of nominal capital ¹⁰³
Lithuania	More than 1/2 of nominal capital. No quorum required for second call. ¹⁰⁴
Poland	Usually no quorum required, unless statute requires one ¹⁰⁵
Russia	More than 1/2 of nominal capital ¹⁰⁶
Slovak Republic	More than 30% of nominal capital, unless statute requires a higher threshold. No quorum required for a second call of an AGM or EGM. ¹⁰⁷
Slovenia	More than 15% of nominal capital ¹⁰⁸

SOURCE: PFS, February 2001

⁹⁷ Article 290, Law on Business Companies

⁹⁸ Article 185, Paragraph 1, Commercial Code

⁹⁹ Article 297, Commercial Code

¹⁰⁰ Article 245, Law on Business Companies

¹⁰¹ Article 252, Law on Enterprises

¹⁰² Article 236, Act CLXIV of 1997 on Business Associations

¹⁰³ Article 56, Law on Joint Stock Companies

¹⁰⁴ Article 29, Company Law

¹⁰⁵ Article 408, Commercial Companies Code

¹⁰⁶ Article 58, Federal Law on Joint Stock Companies

¹⁰⁷ Article 185, Paragraph 1, Commercial Code

¹⁰⁸ Article 295, Law on Business Companies